



CITY OF CONCORD

NEW HAMPSHIRE

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COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

November 19, 2008

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Allen Bennett, Elizabeth Blanchard, Mark Coen, Michael Gfroerer, Dan St. Hilaire, Nadine Salley, and Janet Sprague

Absent: Todd Haywood

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, Consultant
Bev Rafferty, Administrative Assistant

Guests: Jim Snodgrass, Exec. Director, Second Start
Frank Lemay, Second Start Board Member
and President of Milestone Engineering
Allan Moses, CFO, Riverbend Community Mental Health

1. Minutes of October 22, 2008 meeting:

Mark Coen made a motion to accept the minutes as written; seconded by Allen Bennett; motion passed unanimously.

2. Community Development Block Grants

Friedman Court II: Matt Walsh informed CDAC this project is completed and the grant should be closed out shortly after the new year begins.

3. January 2009 Round of CDBG Funding

Joia Hughes gave a brief review of the three proposals that had been received. One proposal was not presented to CDAC as the applicant needed money for operating funds which are not covered under the CDBG guidelines.

The other two applicants were Second Start and Riverbend Community Mental Health. Ms. Hughes explained that Second Start is requesting a grant in the amount of \$91,000 for energy renovations to the old Firehouse and Garrison School buildings located in West Concord. Preliminarily, the total budget for the project is \$391,000. Second Start has solicited quotes for construction and have also applied for an allocation of CDIP tax credits to help finance the project. Ms. Hughes noted that Second Start had received loans from the city in the past and that they had

received CDBG funding twice before in the late 1980's. At this time Mr. Snodgrass and Mr. Lemay made a presentation to CDAC concerning the project.

Mr. Snodgrass informed CDAC that the Second Start Board has made a commitment to improve the buildings for better energy conservation. He noted the old West Concord Firehouse building was occupied by Second Start in 1974 and the former Garrison School in 1989. He continued that Second Start had received CDBG funding in the late 1980's to assist in a \$1M project for acquisition and renovation of the former Garrison School property. Second Start has submitted a proposal to the NH Community Development Finance Authority for tax credit sales. They have not heard yet if this proposal has been approved but should hear soon.

Chairperson Bart inquired if the project would be contingent on Second Start getting the tax credits. Mr. Lemay noted that it probably would not, however, the additional funds would be extremely helpful in getting these energy improvements completed. If the tax credits are not approved, Second Start would tackle whatever improvements they could within the available funding.

Joia Hughes noted Second Start needs the tax credit funding as leverage for the grant application. The match would be better with the credits and, therefore, would score higher in the CDBG competition. Mr. Snodgrass stated that he was confident that CDFA will award the project the tax credits.

Mr. Snodgrass gave a brief overview of Second Start's mission. He noted that the organization provides a variety programs, including an alternative high school program which operates out of the Firehouse building and a child care program which serves 110 children a day. He also noted that the organization provides job training and life skills programs which serves TANF (Temporary Assistance to Needy Families) recipients through NH Health & Human Services. Opportunities for people to get a second start are also offered at the Merrimack County House of Corrections and there are a number of drug and alcohol programs throughout the six districts and staff needs to help them.

Mark Coen asked if Second Start's mission statement had changed much since its inception in the 1970s. Mr. Snodgrass indicated that it had not. Mr. Coen also asked why Second Start was so successful when other similar agencies had gone out of business. Mr. Snodgrass attributed the success of the organization to its dedicated Board and staff. Mr. Snodgrass stated that he has been at Second Start for 35 years and most of the core staff has been there almost as long as him. Mr. Lemay commented that Mr. Snodgrass and the staff are very proactive and that they continually adapt to changing forces which affect the organization's mission. Mr. Lemay continued that constituents are always changing but the staff adapts to meet the needs.

Mr. Snodgrass noted that 72% of their budget is derived from contributions from the Federal, State, or Local government. In total, the organization is supported from 35 different funding sources. However, due to limited resources, the organization does

not have any significant reserves to assist with the renovation project. Therefore, they need CDBG support in order to undertake the weatherization project.

Chairperson Bart thanked Mr. Snodgrass and Mr. Lemay for attending today's meeting.

As the next presenter had not yet arrived, CDAC went on to discuss the Racquet Club's outstanding loan:

- **Racquet Club of Concord:** Matt Walsh informed CDAC that he and Joia Hughes had visited the Racquet Club this past Monday and met with John Nelson, the owner. Mr. Nelson gave them a tour of the facility and the improvements that had been done with recent loan monies from the City. They also discussed the Club's financial issues with Mr. Nelson and reported that he informed them that he is in the process of attempting to secure an additional loan for working capital from another local bank in the amount of \$400,000. Because the Club is behind several months on one of their loans but ahead on the other, Mr. Walsh and Ms. Hughes suggested to Mr. Nelson that a loan consolidation be done at a blended interest rate, thereby helping to reduce Mr. Nelson's cost of debt and perhaps allowing him to catch up on his delinquent payments to the City. They reported that Mr. Nelson was interested in this concept, and had requested, through staff, that the CDAC consider this option. The staff recommended that the CDAC consider a rate of 4% should it pursue this course of action. This would reduce the Club's monthly payments by approximately \$600. The estimated new loan would be in the amount of approximately \$82,739.

Mr. Walsh and Ms. Hughes provided a brief update concerning the Club's day care operation which the City financed. They reported that the Club is approved for 65 children but only serves 40 at this time. The Club runs after-kindergarten and after-school programs for the children. Mr. Walsh noted that consolidating the two loans would aid Mr. Nelson's efforts to secure additional financing from other lenders, as he would now only have one instead of two outstanding obligations. CDAC discussed what the downside would be to merging the two loans and concluded that the only major risk was that the Club could stop paying on the consolidated loan. While this is a possibility, all felt that it was an appropriate risk. Staff added that they felt Mr. Nelson would make a good faith effort to make monthly payments under a new consolidated loan. CDAC also discussed Mr. Nelson's property tax delinquency situation.

Michael Gfroerer made a motion to merge the two loans, estimated amount of \$82,739, and set the refinanced loan at 4% interest for ten years. The payment would be \$837.70; Mark Coen seconded; motion passed unanimously.

Allan Moses of Riverbend arrived at this time and discussion continued on the CDBG grant funding for January 2009:

Joia Hughes gave a brief overview of the proposal received from Riverbend Community Mental Health. Riverbend would like to construct a new building on the former NH Hospital grounds which will be used for special needs housing. They are requesting \$500,000 of CDBG money toward this endeavor.

Ms. Hughes noted that plans are not in place so they are going to hold off until the July 2009 round of funding to proceed. She explained that if CDAC does approve the request from Second Start, those funds would reduce the amount of money the city could apply for in July. However, Riverbend could seek a joint grant application between the City and County in order to secure \$500,000, or more, should the City's allocation be reduced due to award of a grant for Second Start. At this time Allan Moses of Riverbend made his presentation.

Mr. Moses informed CDAC that they are looking forward to the opportunity for a public/private partnership. He noted a recent press release from the Health and Human Services office noting that housing for the mentally ill in the State of NH is desperately needed. There is currently overcrowding at the State Hospital and the cost of serving clients at the facility is around \$750 a day per bed. He stated that opening of community residences could serve this population at a more economical rate.

Riverbend's plan is to demolish two vacant homes on the former NH Hospital grounds (the Huntress and Lodge buildings) and build a new in-house facility to serve 15 individuals. Mr. Moses noted that there are several key items which still need to be resolved in order to allow this project to move forward. One item is to secure a 99 year lease from the State in order to satisfy the NH Housing Finance Authority whom would put monies into this project. Another involves negotiations with the State concerning reimbursement rates for serving these individuals.

Should this project come to fruition, Mr. Moses indicated that Riverbend would renovate its Miller House treatment facility into office space for serving out-patient clients. Mr. Moses noted that the City supported the expansion of Miller House a few years ago to provide in-house services. However, he noted that the facility was not successful; largely due to shared bathrooms for residents as well as neighborhood resistance to the facility.

Mr. Moses noted that he had met with the city's Development Team last week and there are some things that will need to be done to get this through. He continued that CDBG and NH Housing Finance Authority are their last resorts as Riverbend has maxed out their lending resources.

Janet Sprague asked if this was intended to be an independent living facility. Mr. Moses stated that it was not as there will be constant staff support and supervision at the facility. However, he noted that each resident would have their own bedroom and bathroom. The State calls this new facility a licensed community residence.

Mark Coen inquired if there were any other buildings on the grounds that could be used in lieu of demolishing the Huntress and Lodge buildings. Mr. Moses noted there is a structure on Palm Place but it is a duplex with two floors and people they will be serving need to be watched by staff at all times. Mr. Moses also noted the State is looking at putting in housing for sexual offenders and may be looking at the grounds for that purpose as well. The site which Riverbend is exploring is just off the State Hospital grounds. He noted that this is important for Riverbend's clients due to the negative connotations associated with historical treatment of mentally ill persons at the former State Hospital.

Mr. Moses noted their partner is ready and he has spoken with the County and there is the opportunity to go through them as well for grant funds.

There were no other questions for Mr. Moses regarding this grant proposal.

At this time, CDAC went directly into the Revolving Loan Fund item as Mr. Moses also represents the Penacook Assisted Living Facility, Inc.

4. Revolving Loan Fund:

- **New loan - Penacook Assisted Living Facility, Inc.:** Penacook Assisted Living Facility, Inc. submitted a request for a loan to finance the renovation of a portion of the John H. Whittaker Place on Borough Road in Penacook into 4 handicapped accessible one bedroom apartments.

Mr. Moses provided a history of the facility. He noted that it was constructed in 2000 and contains 50 elderly housing units (apartments). He stated that the facility currently has a waiting list. The median age of residents at the facility is 84-1/2 years old.

Mr. Moses reported that the building has 4,000 +/- SF of space which was previously used for an elders program. However, because of demographic shifts, they have outgrown that space and will be moving the elders program to Prescott Park on the Heights. They now wish to renovate this space into 4 handicapped accessible one bedroom units to help reduce the waiting list for the facility. This renovation would increase the number of units at the John H. Whittaker Place to 54 apartments. Because these units would be handicapped accessible, the cost to renovate is higher.

Mr. Moses noted they are requesting \$100,000 at 3% interest for ten years for a monthly payment of \$833.33. He also noted that J. H. Spain is ready to proceed on this project at a discounted rate because J. H. Spain is renovating the Prescott Park building for them so when that is complete they can move right over to Whittaker Place. Mr. Moses continued that the John H. Whittaker Place is one of the, if not the, most affordable facilities within the area. Very low income residents only pay \$500 - \$600 a month to live there. At this time 11 residents are considered very low income, there are 38 that are low/mod and pay

\$1,500/month; the balance of the residents are considered moderate income and pay \$3,000/month but this includes everything.

CDAC inquired if Planning Board approval would be required for this renovation. Mr. Moses indicated that he did not believe so as it's just a conversion from office space to apartment space. The Development Team did ask about parking but they have plenty of room because of the 50 units, only 5 have cars.

Liz Blanchard inquired if financial counseling was offered at the elders program. Mr. Moses noted that when people are ready to move in, most of the dialogue is through the family. If the resident does not have enough assets to finance their stay, the family is asked to guarantee payment.

Chairperson Bart thanked Mr. Moses for attending today's meeting.

After a brief discussion, Dan St. Hilaire moved to approve this loan in the amount of \$100,000 at 3% interest for a period of ten years; seconded by Allen Bennett. The motion passed unanimously.

At this time, CDAC discussed the 2009 CDBG funding proposals:

Staff stated that it was their opinion that the Riverbend project would be a good candidate for funding. However, because of the number of complex issues that still need to be resolved, staff recommended that pursuing funding during the January 2009 CDBG round would be premature. Thus, they advised that CDAC revisit this request later this Spring for the July 2009 CDBG application round. However, should the City receive funds for the Second Start project in January, the City would only be eligible to apply for CDBG funds in the amount of the difference between the Second Start award and the annual funding limit of \$500,000.

Mark Coen inquired if the city applies on behalf of Second Start and if in July Riverbend is ready to go, can the city and county partner on this project. Staff reiterated that this is a possibility. Staff further commented that the Historic Preservation office will be getting involved regarding the demolition of the Huntress and Lodge buildings and that this could greatly complicate the project. Ms. Hughes added that she had completed a mock scoring for the project and noted that Riverbend lost 10 points because the high amount of funds requested would only benefit 15 individuals as opposed to Second Start which has a much better cost per beneficiary number.

Ms. Hughes recommended that the CDAC proceed with the proposal submitted by Second Start. Ms. Hughes would also like to meet with Second Start to try and increase their budget. She and Mr. Walsh believe that because of the historic review that will be done on their two buildings (the old Firehouse and Garrison School), the windows may need to be different and some other changes may need to occur. Mr. Walsh informed CDAC that he would like them to recommend requesting up to \$500,000 for Second Start until staff can meet with Second Start and possibly come

up with budget estimates in light of the impending involvement of the State's Division of Historic Resources concerning the project. Mr. Walsh would suggest doing a 106 review as soon as possible.

Liz Blanchard moved to recommend applying for up to \$500,000 on behalf of Second Start; seconded by Michael Gfroerer; motion passed unanimously.

Tremblay Court and Camp Spaulding: Matt Walsh explained the copies of the letters sent to the residents of Tremblay Court and to Child and Family Services (Camp Spaulding) were included in the CDAC package for information only.

- **J. Spaulding:** Mark Coen noted the letter sent to Ms. Spaulding and inquired if Whittaker Place would be a good place for her to move. Matt Walsh felt a reverse mortgage might be better for her particular situation. Mr. Coen felt the letter from the Board of Assessors was a little harsh. There was no other discussion on this matter.
- **Program Income Reuse Plan:** Due to the time, this item will be discussed at the January 2009 CDAC meeting.

4. Other Business

Next meeting: after discussion with CDAC members, it was decided there would not be a meeting in December and if there are any emergency issues (immediate action required for loans, etc.), staff will contact CDAC members via e-mail or telephone poll.

There was no other business brought before the Committee.

5. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:15 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant